

Office of
Personnel Management

Washington, D.C. 20415

In Reply Refer To

Your Reference:

July 21, 1980

MEMORANDUM TO HEADS OF DEPARTMENTS AND AGENCIES

The Office of Personnel Management, with the advice of other agencies, has prepared the following guidance in respect to awarding Senior Executive Service performance awards (bonuses). In part, this guidance reflects the appropriation act limitation restricting the proportion of SES members who may receive bonuses to no more than 25 percent of the number of SES positions in the agency. In addition, we are responding to strong Congressional concern that the 25 percent be viewed as a ceiling. We are therefore enunciating guidance on the number and distribution of awards which we strongly recommend agencies to follow. GAO in cooperation with OPM has been directed by the Congress to do a thorough study of bonus payments. Any agency which chooses to award bonuses in excess of the number or distribution recommended below must consult in advance with the Director of OPM.

1. Number of Awards

Agencies are limited in payment of bonuses to a maximum of 25 percent of SES positions. The Congress has made it clear that the 25 percent figure is to be a limit, not the norm. Agencies should generally limit bonuses to 20 percent of the eligible career employees. If the agency head feels a higher proportion is essential, he or she must consult with the Director of OPM.

2. Distribution of Awards

In deciding the amount of bonus to be paid, agencies with 100 or more career Senior Executives should not exceed the limitations shown below. These limits cannot be rigidly applied in small agencies, but should be considered as general guidelines.

- (a) Bonuses of 20% should be limited to no more than 5% of those receiving bonuses.
- (b) Bonuses of 17-20% should, in total, be limited to no more than 10% of those receiving bonuses.
- (c) Bonuses of 12-20% should, in total, be limited to no more than 25% of those receiving bonuses.

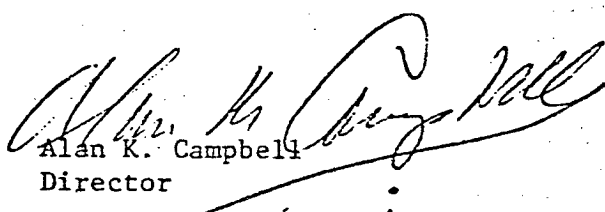
3. General Procedural Recommendations

(a) One area about which a number of legislators were concerned was the perception that members of Performance Review Boards would be taking care of themselves and their friends in the awarding of bonuses. We do not believe that this concern has substance, but to further add to the objectivity of the review process, an agency may wish to include on its PRB panel one or more members from another Federal agency. OPM will maintain a list of experienced career Senior Executives who could serve on PRB's across agency lines if the agency so requests. This same procedure might well be useful in the future in passing on proposed nominations for Meritorious and Distinguished Presidential Rank within an agency.

(b) Each agency should publish a notice in the Federal Register of the agency's schedule for awarding bonuses at least 14 days prior to the date on which the awards will be paid.

(c) Career Senior Executives are eligible for both bonus and rank awards. In general, agencies should avoid giving multiple awards to a single SES member in a year.

The SES system provides agency management with an unprecedented level of discretion. It is vital that this discretion be used responsibly to establish a sound foundation for the future.


Alan K. Campbell
Director

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We have just received an advance copy of the attached OPM memorandum which may have a bearing on the allocation of SIS awards.

151
Harry E. Fitzwater

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We just received this OPM memorandum. D/PPPM has sent copies to the Deputy Directors. Would appreciate your views and suggestions at Wednesday's meeting 23 July in Room 5E62 at 0900.